



Iowa General Assembly

2004 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www.legis.state.ia.us/aspx/Archives/Committees/Interim/2004/Committee.aspx?id=63>

PROPERTY TAXATION REVIEW COMMITTEE

Meeting Dates: [December 15, 2004](#) | [November 10, 2004](#) | [September 28, 2004](#) | [September 1, 2004](#)

Purpose. *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us>, or from the agency connected with the meeting or topic described.*

PROPERTY TAXATION REVIEW COMMITTEE

December 15, 2004

Co-chairperson: Senator Bryan Sievers

Co-chairperson: Representative Jim Kurtenbach

Overview. The Property Taxation Review Committee held its fourth of five authorized meetings. Each of the three subcommittees gave their reports, but the full Committee chose not to make any recommendations at this meeting. Materials discussed are posted on the Committee's Internet site.

Other Issues Subcommittee. The Other Issues Subcommittee presented its report to the Committee. This consisted of recommending the following for consideration by the full Committee:

1. That the proposed legislation, LSB 1022HH, entitled "An Act relating to property assessment for purposes of property taxation, including property assessment guidelines and creation of a property assessment appeal board to hear appeals of the action of local boards of review," be recommended for passage by the General Assembly.
2. That the Department of Revenue or the General Assembly address the issue of assessment of certain acreages as residential or agricultural.
3. That the General Assembly add information, and clarify existing information, on the property tax statement to show increases in assessments, expenditures, and levy rates in order to provide more transparency to the taxpayer and property owner.
4. That the General Assembly pass legislation providing that if an aggrieved taxpayer or property owner has his/her assessment lowered due to action of the local board of review or district court (or assessment appeal board, if enacted), the assessor shall not increase the assessment over the final assessment amount in the year protested or appealed until the next revaluation year unless the taxpayer/owner makes changes to the property.

Much of the discussion concerning the contents of the report centered around the proposed legislation, LSB 1022HH.

Options for Iowa Tax Overhaul Subcommittee. The Options for Iowa Tax Overhaul Subcommittee presented the following report. The subcommittee recommends the following for consideration by the full Committee:

1. That the General Assembly pass legislation imposing a school foundation property tax levy that is uniform statewide and in such an amount that results in no one taxpayer experiencing an increase in school property taxes and providing that the state fund the difference between the regular cost per pupil and the amount realized by the uniform levy.
2. That the General Assembly pass legislation that eliminates state reimbursement to local governments for property tax credits and exemptions with the state using that money to provide property tax relief by increasing the state's funding obligation under the school foundation formula.

3. That the General Assembly pass legislation removing the assessment limitation tie between agricultural and residential property.
4. That the General Assembly reduce the cost of operating a business in the state by passing legislation that imposes a uniform level of sales taxation throughout Iowa taxing jurisdictions.
5. That the General Assembly pass legislation that removes the barriers to local government (cities, counties, and school districts) reorganization, merger, consolidation, and sharing of services.
6. That the General Assembly pass legislation that addresses the disparity in the classification of property used for housing.

Each recommendation elicited much comment.

ISAC/League of Cities Property Tax Reform Proposal Subcommittee. The ISAC/League of Cities Property Tax Reform Proposal Subcommittee report on the tax reform proposal dealt separately with the three divisions of that proposal as follows:

- **Division 1 - Assessment and Valuation.** The subcommittee believes that further consideration should be given by the full Committee, especially in regard to the following:
 - Elimination of the rollback and substitution of a 50 percent residential exemption for owner-occupied dwellings.
 - Valuation of the forest reservation exemption.
 - Multiclassification of property.
 - Implementation of equalization orders, especially in regard to the timing.
 - Impact of changes on renters and low-income persons.
 - Valuation of agricultural buildings.
- **Division 2 - Budgeting and Taxation.** The subcommittee recommended Division 2, as modified, for adoption by the full Committee. The modification was to add that any state savings from the elimination of the homestead credit be used to provide property tax relief and other tax relief to renters and low-income persons.
- **Division 3 - Constraints and Limitations.** The subcommittee did not adopt any specific language of Division 3 but did recommend that the full Committee agree with the general concept of a property tax revenue limitation that provides local governments with flexibility and that takes into account local differences and local circumstances. However, additional consideration should be given by the full Committee to the following items contained in Division 3:
 - Which funds would be covered by a revenue limitation.
 - The number of signatures needed as the threshold for holding a reverse referendum.
 - The carryover of unused levy authority under a revenue limitation.
 - The calculation for the base year under a revenue limitation.

Next Meeting. The fifth and last meeting of the Committee is scheduled for Wednesday, January 5, 2005, from 10:30 a.m. to 2:30 p.m.

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PROPERTY TAXATION REVIEW COMMITTEE

November 10, 2004

Co-chairperson: Senator Bryan Sievers

Co-chairperson: Representative Jim Kurtenbach

Overview. The Property Taxation Review Committee held its third of four authorized meetings.

Property Tax Reform Proposal. The committee heard a presentation from representatives of the Iowa State Association of Counties (ISAC) and the Iowa League of Cities. Earlier in the year, ISAC and the League of Cities had formed a joint task force on property tax. Their presentation related to the recommendations for property tax reform developed by the task force.

Objectives of a Property Tax System. The committee discussed and made amendments to the paper entitled "Objectives of a Property Tax System" which had been distributed at the second meeting. The objectives, as amended, are:

1. Reliable and predictable revenue source for local government.

2. a. Taxation within a class of property must be equitable.
b. Taxation across classes of property must be based upon economic value and be equitable and consistent statewide.
3. Simple system and transparent to the taxpayer.
4. Responsive to changes in valuation and classification.
5. Foster economic growth.

Subcommittees. After much discussion, the committee decided to split into three subcommittees. The first subcommittee will study and report on the property tax reform proposal submitted by ISAC and the League of Cities. The second subcommittee will study and report on the document distributed at the second meeting entitled "Options for Iowa Tax Overhaul." The third subcommittee will study and report on various other issues, including creation of a property assessment appeal board on the state level and other administrative matters.

Next Meetings. The fourth meeting of the Property Taxation Review Committee is scheduled for Wednesday, December 15, 2004, from 9:00 a.m. to 1:00 p.m. The fifth and last meeting of the committee is scheduled for Wednesday, January 5, 2005, from 10:00 a.m. to 2:00 p.m.

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PROPERTY TAXATION REVIEW COMMITTEE

September 28, 2004

Co-chairperson: Senator Bryan Sievers

Co-chairperson: Representative Jim Kurtenbach

Community Colleges. The committee heard testimony on community colleges funding from Mr. Rob Denson, President, Des Moines Area Community College, and Mr. Steve Ovel, Director of Governmental Relations, Kirkwood Community College. Mr. Denson stated that although community college attendance increased significantly between 1990 and 2004, the amount of state funding per community college student decreased over the same time period. Mr. Denson also informed the committee that community college property tax is a very small portion of the consolidated property tax levy. Mr. Ovel directed the committee to several legislative proposals introduced during the 2004 Session that addressed changes in community college funding.

Assessors. Mr. Richard Stradley, Property Tax Administrator, Iowa Department of Revenue, made a presentation on the qualifications and duties of local assessors. Mr. Stradley also distributed information on the budget process for local assessors' offices and information on FY 2004-2005 budgeted expenditures and total levies of the local assessment jurisdictions.

Assessment Appeals and Inequities. The committee received from the Property Tax Appeal Board Subcommittee an update on proposed legislation concerning property assessment appeals and local assessors.

The committee heard testimony from two separate presenters relating to problems in the property assessment appeal process and to perceived inequities in the property taxation of single-family residences, apartments, and land located in manufactured home communities. The presenters were Mr. Keith Denner, President, Professional Property Management, Inc., and Ms. Barbara Hames, Vice President, Hames Manufactured Home Communities, LP.

Iowa Chamber Alliance. Mr. David Maahs, Cochairperson of the Iowa Chamber Alliance and President of the Ames Chamber of Commerce, spoke on the inequities inherent in the rollback provisions as they affect commercial and industrial property. He emphasized that he was not recommending the complete elimination of the rollback provisions but rather the need for an adjustment so that commercial and industrial property is no longer burdened with the bulk of the property taxes as is the case in the major cities in the state.

Fire Fees. Mr. Eric Anderson, City Manager, City of Des Moines, made a presentation to the committee on a proposed fire fee. Under the proposal, a city could exercise the option of charging a fire fee to owners of structures only, including nontaxable structures. The total amount of the fire fee charged would be deducted from the city's \$8.10 general fund levy capacity.

Committee Discussion. The committee chairs distributed to members a list of questions entitled "Options for Iowa Tax Overhaul".

Next Meeting. The committee agreed to cancel the meeting scheduled for October 14, 2004. The third meeting of the Property Taxation Review Committee is scheduled for Wednesday, November 10, 2004, from 2 p.m. to 6 p.m.

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PROPERTY TAXATION REVIEW COMMITTEE

September 1, 2004

Temporary Co-chairperson: Senator Bryan Sievers

Temporary Co-chairperson: Representative Jim Kurtenbach

Committee Business. The Committee elected Senator Bryan Sievers and Representative Jim Kurtenbach as permanent co-chairpersons. The Committee heard presentations on the role of property taxes from the Iowa Association of School Boards, the Iowa League of Cities, the Iowa State Association of Counties, and the Iowa Farm Bureau Federation.

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